

# Staff Summary Report



**Council Meeting Date:** December 4, 2003

**Agenda Item Number:** 50a.

**SUBJECT:** Set public hearings for January 8 and January 15, 2004 to authorize the Mayor to execute a Development and Disposition Agreement between the City of Tempe and Suncor Development Company

**DOCUMENT NAME:** 20031204cacc01 **RIO SALADO MASTER PLAN (0112-07-03)** Ordinance No. 2003.39

**SUPPORTING DOCS:** Yes

**COMMENTS:** Suncor Development Company ("Suncor") responded to Request for Proposals No. 03-151, dated June 3, 2003, (the "RFP") offering a long-term lease and development of a parcel of land approximately 27 acres in size located south of Rio Salado Parkway and west of Priest Drive in the City of Tempe (the "city property") and was selected under Resolution No. 2003.63 to enter into exclusive negotiations for the purposes of entering into a development and development of the city property.

**PREPARED BY:** Christopher J. Anaradian, Rio Salado Manager (x2204)

**REVIEWED BY:** Jan Schaefer, Economic Development Manager (x8036)

**LEGAL REVIEW BY:** Marlene A. Pontrelli, City Attorney (x8120)

**FISCAL NOTE:** The bid price for the city property by SunCor is \$8.53 per square foot. Note that the city appraisal of this property performed in November of 2002 estimated the value of this lease at \$6.50 per square foot.

At the current estimate of approximately 24 acres, less a currently estimated \$500,000 for landfill item removal, and less the 3% brokerage fee, the resultant amount of the pre-paid lease of the city property is currently estimated at \$8,165,000. A final survey of the proposed property lines that will serve to establish the exact acreage included in the lease will be included in the final Development and Disposition Agreement. Final costs for landfill item removal will reflect the actual work required to prepare the site for development.

The lease value will be discounted to accommodate the removal of landfill items requiring removal on the city property. The items were discovered during site investigations as part of SunCor's due diligence period at their cost. Photos and a map of these site investigations are attached for your reference. The final cost and funding mechanism for the removal of landfill items will be addressed in the final Development and Disposition Agreement.

The lease value will be further discounted to accommodate a 3% brokerage fee established as a term of the RFP.

**RECOMMENDATION:** Staff recommends adoption of Ordinance No.2003.39.

**ADDITIONAL INFO:** SunCor has, in cooperation with city staff, conducted due diligence during the past two months into the city property. During this time, the initial offering of 27.04 acres of city property has been reduced by approximately 3 acres to accommodate existing easements and the potential future widening of the 1st street alignment (see attached Site Map). Existing easements include drainage and access agreements the city has entered into for the two hotel properties at the southeast corner of the city property. The First Street alignment also includes a 25-foot wide easement for the City of Phoenix Val Vista waterline, and therefore the southern property line for this development will be established to remain out of that waterline easement. Accompanying the Development and Development Agreement as an exhibit will be a final survey of the proposed property lines that will serve to establish the exact acreage and resultant value for this lease.

**ORDINANCE NO. 2003.39**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, AUTHORIZING THE MAYOR TO EXECUTE A DEVELOPMENT AND DISPOSITION AGREEMENT BETWEEN THE CITY OF TEMPE AND SUNCOR DEVELOPMENT COMPANY**

WHEREAS, the City issued a Request for Proposals No. 03-151, dated June 3, 2003, (the "RFP") offering a long-term lease and development of a parcel of land approximately 27 acres in size located south of Rio Salado Parkway and west of Priest Drive in the City of Tempe and more particularly described in Exhibit A attached hereto (the "Property"); and

WHEREAS, Suncor Development Company ("Suncor") responded to the RFP and was selected under Resolution No. 2003.63 to enter into exclusive negotiations for the purposes of entering into a lease and development of the Property; and

WHEREAS, the City desires to enter into a development agreement for the lease and development of the Property with Suncor.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, as follows:

That the Mayor is authorized to execute the Development and Disposition Agreement and any and all other Exhibits attached thereto, copies of which are on file in the Clerk's Office.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
MAYOR

ATTEST:

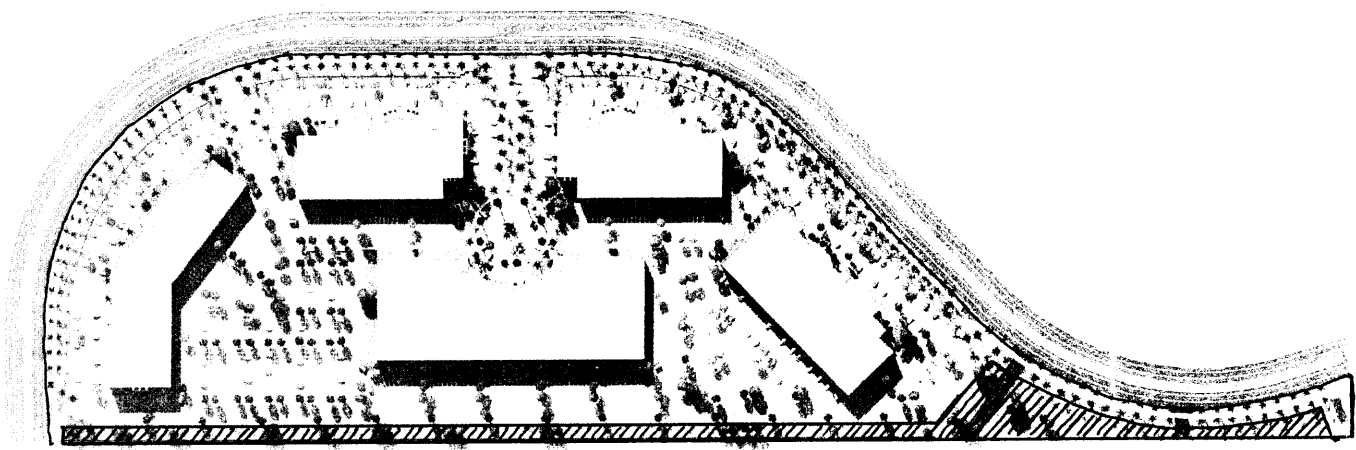
\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

SITE MAP

Shaded areas shown below are NOT included in the Lease and Development Agreement. These areas are either encumbered by existing city easements and drainage agreements, or being held for future widening of the First Street alignment.



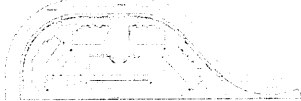
202

153

143

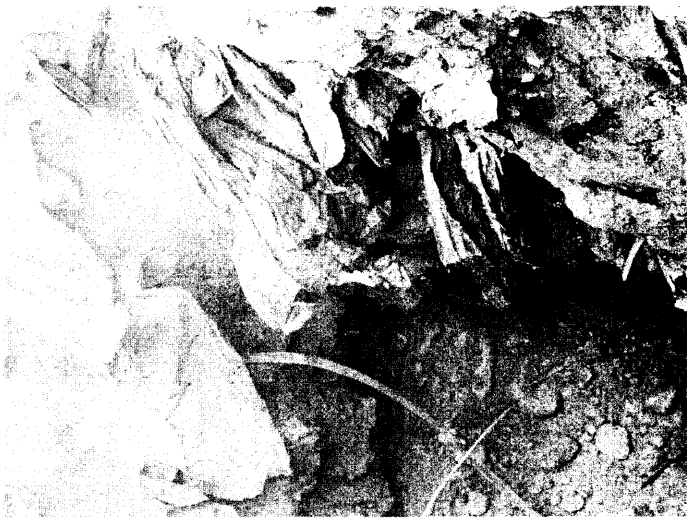
W. 1st St.

Rio Salado Pkwy.

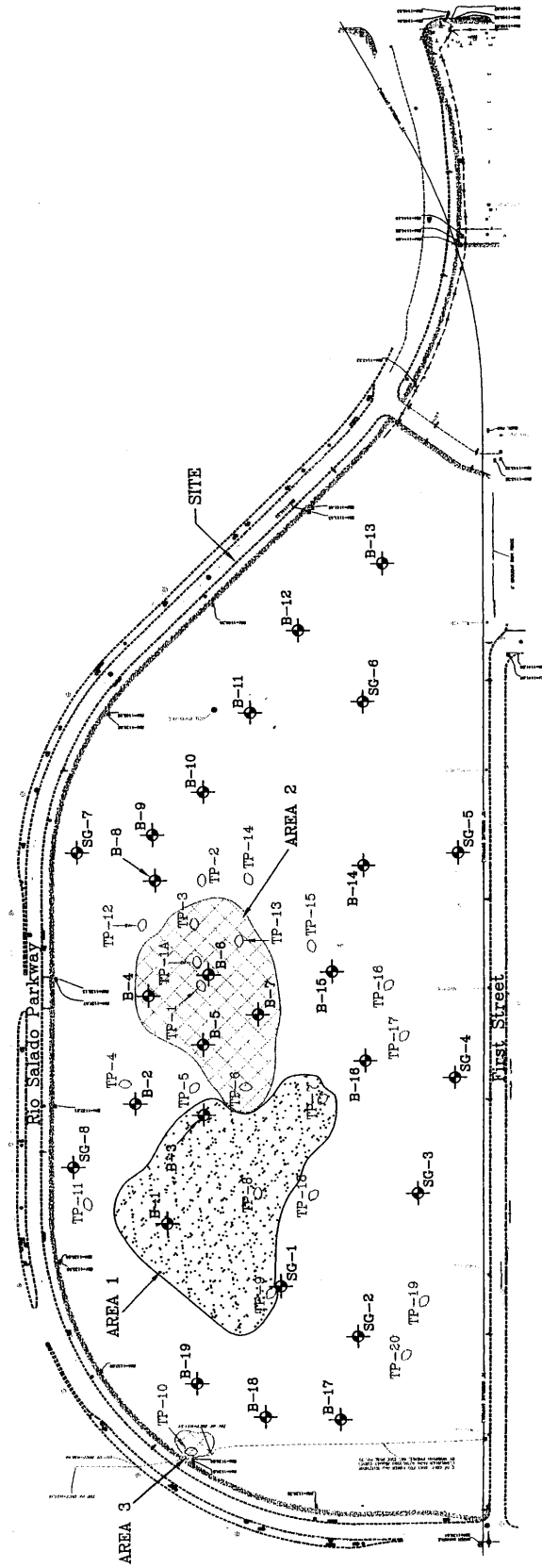


N. Priest Dr.

W. University Dr.



North  
Scale: 1" = 200' ±



**LEGEND:**

◆ Soil Boring

○ Test Pit

▨ Approximate Area Containing  
Fill Soils and Minimal Trash/Debris

▨ Approximate Area Containing  
Shallow Fill Soils and Minimal Trash/Debris

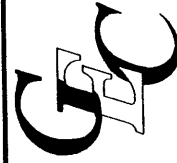
03-0225-F14

**FIGURE 4. SOIL BORING AND TEST PIT LOCATION MAP**

Rio East Business Park  
SE of 52nd Street and Rio Salado Parkway  
Tempe, Arizona

Project No. 03-0225

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Area where trash and debris  
was encountered during our  
Phase II investigation.